

Message Text

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73

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 SAJ-01 TRSE-00 /085 W

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R 181445Z AUG 76

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 3117

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

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USDEL MTN GENEVA

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USMISSION USUN NY

USMISSION NATO

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EO 11652: N/A

TAGS: PINT ECIN DA

SUBJ: DEBATE OPENS ON GOVERNMENT ECONOMIC PROPOSALS

REF: COPENHAGEN 2698

SUMMARY: WHETHER DENMARK WILL BE FORCED TO ELECTIONS OVER
THE GOVERNMENT'S ECONOMIC PACKAGE NOW DEPENDS ON WHETHER
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AGREEMENT CAN BE REACHED BETWEEN THE SOCIAL DEMOCRATS AND

THEIR ALLIES, ON THE ONE HAND, AND THE CONSERVATIVES ON THE OTHER. THE CRUNCH VOTE MAY COME AS EARLY AS LATE TONIGHT. END SUMMARY.

1) IN A SESSION THAT EXTENDED THROUGHOUT MOST OF LAST NIGHT, AUGUST 17, THE FOLKETING DEBATED THE PACKAGE OF PROPOSALS SUBMITTED BY ANKER JORGENSEN'S SOCIAL DEMOCRATIC GOVERNMENT TO REMEDY DENMARK'S ECONOMIC ILLS. IN GENERAL, THE PACKAGE IS DESIGNED TO DAMPEN DANISH CONSUMPTION AND REDUCE THE BALANCE OF PAYMENTS DEFICIT AS WELL AS GOVERNMENT EXPENDITURES. THE PROPOSALS FOLLOWED THOSE OUTLINED IN REFTEL BUT ARE SUBJECT TO AMENDMENT AND COMPROMISE WITH THE CRUNCH VOTE EXPECTED AS EARLY AS LATE TONIGHT.

2) IN THE PRESENT SITUATION IT APPEARS THAT THE POSITION OF THE NINE-MEMBER CONSERVATIVE PARTY WILL DECIDE WHETHER ELECTIONS WILL BE CALLED. CONTRARY TO SOME EARLIER EXPECTATIONS, THE SPOKESMEN FOR THE THREE PARTIES OF THE FAR LEFT (THE COMMUNISTS, THE LEFT SOCIALISTS AND THE SOCIALIST PEOPLE'S PARTY) HAVE MADE IT CLEAR THAT THEY WILL NOT ABSTAIN AND WILL VOTE AGAINST THE GOVERNMENT, PRIMARILY BECAUSE OF THE PACKAGE'S "INTERFERENCE" IN THE UPCOMING LABOR NEGOTIATIONS BY WAY OF THE PROPOSED SIX PERCENT LIMITATION ON WAGE INCREASES. LIBERAL LEADER POUL HARKLING CONTINUES HIS FLAT OPPOSITION TO GOVERNMENT PROPOSALS. THE SOCIAL DEMOCRATS AND THEIR THREE ALLIES (THE CENTER DEMOCRATS, THE RADICALS AND THE CHRISTIANS) TOGETHER WITH AN INDEPENDENT, HANS JORGEN LEMBOURN, MAKE UP 81, VOTES OUT OF 90 NEEDED FOR A MAJORITY.

3) CONSERVATIVE LEADER POUL SCHLUTER HAS DECLARED THAT HE IS WILLING TO SUPPORT THE GOVERNMENT IF SIX CONDITIONS ARE MET. THE MOST IMPORTANT ARE LARGER BUDGET CUTS OF IMMEDIATE EFFECT AND THE OFFSETTING OF DENIED COST-OF-LIVING WAGE INCREASES BY LOWERED TAXATION. PRIME MINISTER JORGENSEN HAS DEMURRED TO THREE CONDITIONS BUT HAS INDICATED HIS WILLINGNESS TO CONTINUE DISCUSSIONS WITH SCHLUTER TODAY ON THE FRINGES OF THE FOLKETING LIMITED OFFICIAL USE

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SESSION WHICH RESUMED THIS MORNING.

4) THE EMPLOYERS ASSOCIATION, WHICH IS ONE OF THE NATURAL CONSTITUENCIES OF THE CONSERVATIVES, HAS DECLARED THE GOVERNMENT'S PROPOSALS ACCEPTABLE. ON THE OTHER HAND, TRADE UNION FEDERATION (LO) PRESIDENT THOMAS NIELSEN HAS SHARPENED HIS ATTACKS ON THE PROPOSALS PUT FORWARD BY HIS FELLOW SOCIAL DEMOCRATS PARTICULARLY

AS THEY LIMIT WAGE INCREASES. AS A LEADING SOCIAL
DEMOCRAT REMARKED TO POLCOUNS, NIELSEN MUST TAKE THIS
POSTURE TO PROTECT HIS LEFT FLANK.
LUKENS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT REFORM, REPORTS, CENTRAL LEGISLATURE, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976COPENH02729
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760317-0397
From: COPENHAGEN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760844/aaaablmq.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 COPENHAGEN 2698
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 06 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 APR 2004 by CunninFX>; APPROVED <06 AUG 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DEBATE OPENS ON GOVERNMENT ECONOMIC PROPOSALS
TAGS: PINT, ECIN, DA, (JORGENSEN, ANKER)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006